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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Expedited Application of Pacific Gas and Electric  
Company Pursuant to the Commission's Approved  
Energy Resource Recovery Account (ERRA)  
Trigger Mechanism.

(U 39 E)

Application 20-07-\_\_\_\_\_

**EXPEDITED APPLICATION OF PACIFIC GAS AND ELECTRIC  
COMPANY (U 39 E) REGARDING ENERGY RESOURCE  
RECOVERY ACCOUNT TRIGGER MECHANISM**

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Dated: July 31, 2020

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**I. INTRODUCTION**

Pursuant to Public Utilities Code Section 454.5(d)(3) and California Public Utilities Commission Decisions ("D.") 02-10-062 and 04-12-048, Pacific Gas and Electric Company ("PG&E") files this expedited application regarding its forecasted overcollection in its Energy Resource Recovery Account ("ERRA"). As discussed below and in the declaration accompanying this Application, PG&E's ERRA was more than five percent overcollected as of April 30, 2020, and PG&E forecasts that its incremental ERRA overcollection will exceed the five percent amount through 2020. PG&E forecasts that its ERRA overcollection will be 15.7 percent, or \$793 million overcollected, by December 31, 2020.<sup>1/</sup>

While the current forecast of the ERRA balance is expected to exceed a five percent overcollection through the remainder of 2020, when additional components relevant to the ERRA balancing account balance are considered, a rate change is not warranted. Specifically, the forecast bundled customer ERRA overcollection should be considered in combination with (1) departing load customer obligations to bundled customers that are merely tracked, and not

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<sup>1/</sup> See Appendix A: Declaration of Angelia Vega at Table 1. The \$793 million does not include revenue franchise fees and uncollectible (RF&U) because it is not included in the balancing account but is later applied outside of the balancing account for ratesetting purposes (see Section 5, Accounting Procedures, in PG&E's Electric Preliminary Statement Part CP, "Energy Resource Recovery Account"). The forecast ERRA balance including RF&U is \$802 million.

collected, in the ERRA; and (2) balances to be considered as part of PG&E's existing ERRA Forecast regulatory proceeding. The net result of these considerations is a forecast bundled customer overcollection of \$ 149 million, below the ERRA threshold amount.<sup>2/</sup> Therefore, PG&E is not requesting a rate change as part of this Application.

Pursuant to D. 02-10-062, PG&E is required to file an expedited application when the ERRA balancing account is four percent over- or under-collected, which is commonly referred to as the "ERRA Trigger." In the ERRA Trigger application, PG&E can, on an expedited basis, request a change in rates to address the over- or under-collection. On May 19, 2020, PG&E informed the Commission by letter that the balances in its ERRA account exceeded the four percent trigger as of April 30, 2020 and the balance was not anticipated to self-correct within 120 days.<sup>3/,4/</sup> By that same letter, PG&E requested an extension to file its expedited ERRA Trigger Application by July 31, 2020 pursuant to Rule 16.6 of the Commission's Rules of Practice and Procedure. On June 4, 2020, the Commission's Executive Director granted PG&E's request to extend the filing date of this Application to July 31, 2020.<sup>5/</sup>

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<sup>2/</sup> See Appendix A, Table 2, Line 6, Column C and page 5.

<sup>3/</sup> PG&E's request for approval to defer its expedited Application was served to parties to PG&E's 2020 ERRA Forecast Application (A.) 19-06-001 and is also available at <http://pgera.azurewebsites.net/Regulation/ValidateDocAccess?docID=606245> (last visited July 26, 2020).

<sup>4/</sup> As of January 1, 2020, PG&E's 2020 ERRA balance included the ERRA overcollection that was the subject of PG&E's 2019 ERRA Trigger Application, A.19-11-017, filed on November 18, 2019. In resolving PG&E's application, the Commission determined it was reasonable to address PG&E's 2019 ERRA overcollection in the A.19-06-001 proceeding (i.e., PG&E's 2020 ERRA Forecast Application). See D. 20-03-012, Conclusion of Law 6. In resolving PG&E's 2020 ERRA Forecast Application, the Commission adopted PG&E's proposal for crediting the applicable customers impacted by the 2019 overcollection, which is to allow PG&E to develop a record for the credit as part of the 2021 ERRA Forecast application. Once the compliance requirements set forth in D. 20-02-047 were accomplished, 2020 rates were implemented on May 1, 2020.

<sup>5/</sup> See June 4, 2020 letter from Alice Stebbins granting Pacific Gas and Electric Company's Request to Extend the Filing Date for its 2020 Energy Resource Recovery Account Trigger Application to July 31, 2020 available at <http://pgera.azurewebsites.net/Regulation/ValidateDocAccess?docID=608090> (last visited July 26, 2020).

Consistent with D. 02-10-062, PG&E is filing this expedited application notifying the Commission that the ERRA balancing account is currently over-collected, and that the overcollection is expected to grow through the end of 2020. However, PG&E is not proposing in this Application to change its rates to refund the overcollection. PG&E proposes that certain balances associated with bundled customers' financing of capped Power Charge Indifference Adjustment ("PCIA") rates for departing load customers be considered within 2020 as part of any PCIA Under Collection Balancing Account ("PUBA") Trigger Application, if applicable, and not part of this Application.

Additionally, PG&E is proposing to address the remaining balances associated with overcollection, together with other generation balances, including the forecast \$534 million <sup>6/</sup> undercollected balances associated with the Portfolio Allocation Balancing Account ("PABA") in the 2021 rates proposed in PG&E's 2021 ERRA Forecast Application (A. 20-07-002) that was filed on July 1, 2020 ("2021 ERRA Forecast Application"). <sup>7/</sup> If the Commission approves PG&E's 2021 ERRA Forecast Application, over-collected balances will be refunded to bundled service and applicable departing load customers in 2021 through new rates PG&E anticipates to implement in early 2021.

After considering these factors, PG&E is not seeking a rate change in this Application.

## **II. BACKGROUND**

### **A. Legal and Regulatory Background**

Public Utilities Code Section 454.5(d)(3) requires the Commission to:

Ensure timely recovery of prospective procurement costs incurred pursuant to an approved procurement plan. The commission shall establish rates based on forecasts of procurement costs adopted by the commission, actual procurement costs incurred, or combination thereof, as determined by the commission. The commission shall

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<sup>6/</sup> Based on the forecast methodology presented in this application, which is June recorded, plus July to December forecast. See also Appendix A, p. 4.

<sup>7/</sup> See Appendix A, p. 4.

establish power procurement balancing accounts to track the differences between recorded revenues and costs incurred pursuant to an approved procurement plan. The commission shall review the power procurement balancing accounts, not less than semiannually, and shall adjust rates or order refunds, as necessary, to promptly amortize a balancing account, according to a schedule determined by the commission. Until January 1, 2006, the commission shall ensure that any overcollection or undercollection in the power procurement balancing account does not exceed 5 percent of the electrical corporation's actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources. The commission shall determine the schedule for amortizing the overcollection or undercollection in the balancing account to ensure that the 5 percent threshold is not exceeded. After January 1, 2006, this adjustment shall occur when deemed appropriate by the commission consistent with the objectives of this section.

In D.02-10-062, as modified by subsequent decisions, the Commission implemented this provision by ordering PG&E and California's other investor-owned utilities to establish procurement-related balancing accounts, to be referred to as "ERRA."<sup>8/</sup> The Commission also adopted an ERRA "trigger" mechanism subject to the following requirements:

[W]e direct PG&E, SDG&E and Edison to file expedited applications for approval in 60 days from the filing date when the new ERRA balance reaches four percent. The application will include a projected account balance in 60 days or more from the date of filing depending on when the balance will reach the five percent threshold. The application will also propose an amortization period for the five percent of not less than 90 days to ensure timely recovery of the projected ERRA balance. It should also include allocation of the over- and under- collection among customers for rate adjustment based on existing allocation methodology recognized by the Commission. Customer notice should be sent as soon as the application is filed for a rate increase or decrease.<sup>9/</sup>

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<sup>8/</sup> D. 02-10-062, pp. 59-64.

<sup>9/</sup> Id., pp. 65-66.

In D.04-12-048, the Commission committed to keep the ERRA trigger mechanism “in effect during the term of the long-term contracts, or ten years, whichever is longer.”<sup>10/</sup> In 2015, the Commission subsequently clarified that the ERRA trigger mechanism would remain “in effect for the duration of the IOUs’ electricity procurement pursuant to Section 454.5” even though the long-term contracts that were entered into as a result of D.04-12-048 had not yet expired.<sup>11/</sup> As such, the ERRA trigger mechanism remains in place.

The ERRA trigger mechanism has not been updated since the issuance of the *Decision Modifying the Power Charge Indifference Adjustment Methodology* (D.18-10-019). This decision created the PABA and resulted in significant changes to how costs and revenues are recorded to ERRA.<sup>12/</sup> Following the implementation of PABA, only market-based costs associated with PG&E’s bundled load are recorded to ERRA and recovered from bundled customers through the generation rate, and above-market costs incurred on behalf of both bundled and departing load customers are recorded to PABA and recovered from bundled customers through the generation rates, and from departing load customers through the PCIA. Additionally, the decision implemented a capped PCIA rate payable by eligible departing load customers, resulting in the financing of part of the PABA costs by bundled customers through the generation rates. PG&E does not propose through this Application any changes to the ERRA trigger mechanism but recognizes that certain adjustments may be needed. PG&E recommends that the Commission address any ERRA trigger mechanism updates in a proceeding or process where all Investor-Owned Utilities and interested parties can participate.

Finally, pursuant to D.04-01-050, PG&E is required to submit an advice letter by April 1 of each year to establish the current year’s trigger amount. PG&E submitted Advice 5798-E,

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<sup>10/</sup> D.04-12-048, Finding of Fact 70.

<sup>11/</sup> D.15-05-008, Ordering Paragraph 1.

<sup>12/</sup> On December 10, 2018, PG&E submitted Advice 5440-E to establish the PABA and make modifications to associated generation-related balancing accounts, including the ERRA. On May 3, 2019, the Energy Division approved Advice 5440-E with an effective date of January 1, 2019.

proposing a 4 percent trigger amount of \$202 million and a 5 percent threshold amount of \$253 million for 2020. The advice letter became effective April 1, 2020.

On May 19, 2020, PG&E submitted a letter to inform the Commission that the April 30, 2020 ERRA balance has exceeded the trigger amount and requested for an extension to file PG&E's 2020 ERRA Trigger Application by July 31, 2020. PG&E's request was granted by the Commission on June 4, 2020.

#### **B. Relationship of PCIA Cap Revenue Deferral to the ERRA Balance**

In D.18-10-019, the Commission adopted a cap that limits the change of the PCIA rate from one year to the next for departing load customers. Starting in forecast year 2020, the cap level of the PCIA rate was set at 0.5 cents/kWh more than the prior year's PCIA. Departing load customers' unpaid revenue above the cap is paid temporarily by bundled customers. Additionally, D.18-10-019 established a PUBA trigger mechanism framework that sets the trigger threshold at 10 percent of the forecast PCIA revenues. If the PUBA under-collection reaches 7 percent and PG&E forecasts that the balance will reach 10 percent, then PG&E is required to file an expedited application to change the PCIA rates to reduce the balance below 7 percent.<sup>-13/</sup>

The departing load customer obligation associated with capped rates is tracked in the PUBA.<sup>14/</sup> The departing load customer obligation to repay bundled customers for those costs associated with capped PCIA rates and that are financed by bundled customers through their generation rates, *i.e.*, the "PCIA Cap Revenue Deferral," is recorded in the PCIA Financing

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<sup>13/</sup> Id.

<sup>14/</sup> See PG&E's Electric Preliminary Statement part HZ, "PCIA Undercollection Balancing Account (PUBA)". The PUBA was established in Advice 5624-E. It is an interest-bearing balance account and tracks obligations that accrues for departing load customers by vintage subaccount.



Subaccount (PFS) within ERRA.<sup>15/</sup> Pursuant to D.20-02-047, PG&E implemented the 2020 ERRA and capped PCIA rates, effective May 1, 2020. Based on the June accounting close, the PCIA Cap Revenue Deferral accumulated in the PFS in ERRA is forecast to reach \$262 million by year-end.<sup>16/</sup>

Because the PCIA Cap Revenue Deferral is recorded to the ERRA as a credit, the ERRA overcollection presented as part of this Application includes the amount of the PCIA Cap Revenue Deferral. However, the PCIA Cap Revenue Deferral recorded in the PFS is not an over-collected balance; rather, the PCIA Cap Revenue Deferral is generation revenue financed by the bundled customers to the benefit of departing load customers resulting from capped PCIA rates. Or, in other words, the amounts in the PFS are simply accounting entries tracking amounts owed by one set of customers to another. Therefore, PCIA Cap Revenue Deferral should not be returned to bundled customers as part of an ERRA Trigger Application. Instead, the process to return PCIA Cap Revenue Deferral to bundled customers should be considered as part of a PUBA Trigger Application. PG&E anticipates that the PCIA Cap Revenue Deferral would be reduced in the event that a PCIA Trigger Application causes changes to the PCIA rate to return the PCIA Cap Revenue Deferral to bundled customers.<sup>17/</sup> In the event that a PUBA Trigger Application is not filed in 2021, disposition of the PCIA Cap Revenue Deferral may also be considered as part of the 2021 ERRA Forecast Application.

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<sup>15/</sup> The PCIA Financing Subaccount was established in Advice 5624-E, to track the amount financed by bundled customers related to the revenue shortfall associated with capped PCIA rates for departing load customers.

<sup>16/</sup> Appendix A, Table 2, Column B.

<sup>17/</sup> The PUBA will be reduced, correspondingly, with the implementation of the PUBA Trigger Application.

### **C. Relationship to the 2021 ERRA Forecast Proceeding**

PG&E filed its 2021 ERRA Forecast Application on July 1, 2020. The 2021 ERRA Forecast Application addresses expected procurement-related costs that will be incurred in 2021 as well as disposing of the forecasted 2020 accumulated ERRA overcollection.

Certain balances comprising PG&E's ERRA overcollection presented in this Application are to be considered as part of the 2021 ERRA Forecast Application proceeding. Specifically, in the 2020 ERRA Forecast proceeding, the Commission considered how PG&E should address a 2019 ERRA balancing account overcollection. The Commission determined that PG&E should submit a proposal to credit PCIA vintage 2019 and 2020 customers for that overcollection in the 2021 ERRA forecast proceeding.<sup>18/</sup> Accordingly, PG&E's 2021 ERRA Forecast Application presents a proposal to credit vintage 2019 and 2020 customers, which is comprised of both bundled and departing load customers, with the overcollected 2019 ERRA balance. Furthermore, PG&E's 2021 ERRA Forecast Application proposes a going forward method to allocate year-end ERRA balances to the latest vintage PABA customers. Upon authorization by the Commission in the 2021 ERRA Forecast Application, the ERRA overcollection, with a current year-end forecast of \$531 million (i.e., excluding the PCIA Cap Revenue Deferral amount of \$262 million), would be incorporated by vintage with existing PABA balances, with a current year-end forecast undercollection of \$534 million.<sup>19/</sup>

The 2019 ERRA overcollection that is to be considered in PG&E's 2021 ERRA Forecast Application is \$382 million.<sup>20/</sup> PG&E proposes that the disposition of the \$382 million balance, and any other forecast ERRA balance, be fully considered in the 2021 ERRA Forecast Application.<sup>21/</sup>

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<sup>18/</sup> D. 20-02-047, Ordering Paragraph 3.

<sup>19/</sup> See Appendix A, at Table 2 Column C, line 7 (identifying net forecast of \$531 million ) and p. 4.

<sup>20/</sup> See Appendix A at Table 2, line 3 (identifying the balance associated with PG&E's implementation of D. 20-02-047. See also Table 2, line 4 and footnote 2 to Appendix A, Table 2 indicating that PG&E anticipates a further accounting adjustment to address compliance with D. 20-02-047).

<sup>21/</sup> See Appendix A at Table 2, Column C, line 6 (identifying the January -December 2020

PG&E supports the utilization of the 2021 ERRA Forecast Proceeding as the vehicle for the Commission to determine the appropriate return of the ERRA balancing account overcollection as contemplated by D. 20-02-047. Further, the 2021 ERRA Forecast Proceeding will afford parties and the Commission greater process to evaluate and determine an appropriate mechanism to distribute certain quantities of ERRA overcollections among bundled and departing load customers, less PCIA Cap Revenue Deferral, on a going forward basis. The 2021 ERRA Forecast Proceeding will therefore address overcollections in that proceeding.

#### **D. Current and Forecasted Overcollection**

As of June 30, 2020, PG&E recorded an ERRA overcollection of \$694 million, or 13.7 percent of PG&E's prior year recorded generation revenues.<sup>22/</sup> Based on the June 2020 recorded balance, and forecasts of costs and revenues for July through December 2020, PG&E is currently forecasting an end-of-year 2020 ERRA overcollection of \$793 million or 15.7 percent.<sup>23/</sup> As described above in Section II.B, the balance should exclude the PCIA Cap Revenue Deferral of \$262 million, that is tracked in ERRA, but is not an over-collected amount. As described above in Section II.C, the balance should also exclude \$382 million associated with the adjusted 2019 ERRA overcollection that is to be considered as part of PG&E's 2021 ERRA Forecast Application proceeding (A.20-07-002).

After reducing the \$793 million forecast ERRA overcollection by the PCIA Cap Revenue Deferral that is not an over-collected balance and the overcollection to be considered in PG&E's 2021 ERRA Forecast Application proceeding, the balance remaining in ERRA is forecast to be

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overcollection balance of \$149 million).

<sup>22/</sup> Appendix A, p. 1.

<sup>23/</sup> Included in the ERRA overcollection is an approximate \$86 million additional generation revenue attributable to the 2018 Cost Allocation Mechanism (CAM) Misallocation rate design issue discussed in the 2021 ERRA Forecast Application. PG&E may refund this amount in the next rate change in 2020, separately from this proceeding.

\$149 million, or 2.9 percent.<sup>24/</sup> This adjusted amount is below the threshold and trigger amounts.

### **III. RELIEF REQUESTED**

PG&E is not requesting that the Commission approve a rate adjustment to return the forecast ERRA overcollection in this Application.

As described in Section II B., the PCIA Cap Revenue Deferral does not reflect overcollected revenues, but reflects the bundled customers financing of capped PCIA rates for departing load customers. PG&E requests that any PCIA Cap Revenue Deferral returned to bundled customers within 2020 be considered as part of any PUBA Trigger Application. If the PUBA balances do not trigger a rate adjustment, return of the PCIA Cap Revenue Deferral may also be considered as part of the 2021 ERRA Forecast Application.

As described in Section II C., the ERRA balance should also exclude \$382 million associated with the adjusted 2019 overcollection. D.20-02-047 requires PG&E to propose a methodology to return the 2019 overcollection in PG&E's 2021 ERRA Forecast Application. PG&E requests that the methodology to return the \$382 million be addressed as part of the Commission's disposition of PG&E's 2021 ERRA Forecast Application.

After adjusting for the amounts described in Section II B. and Section II C., PG&E's forecast ERRA balance is \$149 million overcollected. The adjusted balance is under the threshold amount, and PG&E requests no rate change.

PG&E is filing this Application in compliance with D.02-10-062, which requires PG&E to timely file an expedited ERRA trigger application when its ERRA is 4 percent overcollected.<sup>25/</sup> Thus, PG&E requests a Commission decision acknowledging the overcollection and stating that PG&E has complied with the requirements of D.02-10-062 to file an expedited ERRA trigger application as a result of the current ERRA overcollection being

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<sup>24/</sup> See Appendix A, Table 2, Column C, line 6.

<sup>25/</sup> As described previously, PG&E notified the Commission on that its ERRA balance surpassed the 4 percent trigger amount and was not forecast to self-correct within 120 days on May 9, 2020.

greater than 5 percent. In addition, PG&E requests that the Commission decision state that it is reasonable to address the overcollection in the 2021 ERRRA Forecast Application proceeding, or the return of Deferred Revenues within 2020 through a PUBA Trigger Application, if applicable.

#### **IV. INFORMATION REQUIRED BY THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE<sup>26/</sup>**

##### **A. Statutory and Other Authority (Rule 2.1)**

PG&E files this Application pursuant to Public Utilities Code Sections 451, 454, 728, 729, 740.4, and 795, the Commission’s Rules of Practice and Procedure (Rules), prior decisions, orders, and resolutions of the Commission, including but not limited to D.02-10-062 (as modified), D.04-01-050, and D.04-12-048.

##### **B. Legal Name of Applicant and Related Information (Rule 2.1(a))**

The legal name of the Applicant is Pacific Gas and Electric Company. PG&E’s principal place of business is 77 Beale Street, San Francisco, California 94105.

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<sup>26/</sup> Because PG&E is not proposing to increase or change rates through this Application, the Rule 3.2 requirements do not apply.

### **C. Correspondence and Communications (Rule 2.1(b))**

All correspondence and communications regarding this application should be addressed to the following:

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### **D. Categorization, Hearings, and Issues To Be Considered (Rule 2.1(c))**

#### **1. Proposed Categorization**

PG&E proposes that this Application be categorized as a ratesetting proceeding. Although PG&E is not proposing to change rates through this Application, the ratesetting categorization appears to be the most appropriate categorization as compared to other alternatives.

#### **2. Need for Hearings**

Based on the expedited nature of the ERRA trigger applications, and the fact that PG&E is not seeking to recover costs or otherwise change rates through this Application, there is no need for hearings in this proceeding.

#### **3. Issues to Be Considered**

The issues presented in this Application are as follows:

- Has PG&E satisfied the requirements of D.02-10-062 to file an expedited application when its ERRA is 4 percent overcollected?
- Is PG&E's proposal to address the PCIA Cap Revenue Deferral associated with the ERRA balance through a 2020 PUBA Trigger Application, if applicable, rather than through this Application, reasonable?
- Is PG&E's proposal to address any remaining ERRA overcollection in the 2021 ERRA Forecast proceeding, rather than through this Application, reasonable?

#### **4. Relevant Safety Considerations**

In D.16-01-017, the Commission adopted an amendment to Rule 2.1(c) requiring utilities' applications to clearly state the relevant safety considerations.<sup>27/</sup> PG&E does not believe this application for cost recovery implicates any safety concerns.

#### **E. Procedural Schedule**

PG&E requests expedited resolution of this Application to ensure timely coordination with the 2021 ERRR Forecast Application proceeding. As such, PG&E requests an expedited protest and reply schedule that seeks to achieve resolution of the this Application prior to the November Update of the 2021 ERRR Forecast Application.<sup>28/</sup> PG&E proposes that Protests are due on August 12, one week following the protest deadline for PG&E's 2021 ERRR Forecast Application.<sup>29/</sup> PG&E proposes the following schedule for this proceeding:

<b>Date</b>	<b>Activity</b>
July 31, 2020	PG&E files Application
August 3, 2020	Notice of Application appears in Daily Calendar
August 12, 2020	Protests due
August 19, 2020	Reply due
September 2020	ALJ issues proposed decision
October 2020	Commission issues final decision

#### **F. Articles of Incorporation (Rule 2.2)**

PG&E is, and since October 10, 1905, has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of PG&E's Amended and Restated Articles of

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<sup>27/</sup> D. 16-01-017, Ordering Paragraph 1.

<sup>28/</sup> The Commission's Rules of Practice and Procedure, Rule 2.6(a) provides parties 30 days to file protests to Applications. Rule 2.6(e) provides applicants 10 days to respond to protests.

<sup>29/</sup> PG&E's 2021 ERRR Forecast Application was noticed by the Commission on July 3, 2020. Pursuant to Rule 2.6(a), Protests on PG&E's Application are due on August 5, 2020.

Incorporation, effective June 22, 2020, was filed with the Commission on July 1, 2020 with PG&E's Application 20-07-002. These articles are incorporated herein by reference pursuant to Rule 2.2 of the Commission's rules.

## **V. SERVICE**

PG&E is serving this Application on parties to the service list for PG&E's 2021 ERRA Forecast Application.

## **VI. CONCLUSION**

Wherefore, PG&E respectfully requests that the Commission determine that: (1) PG&E satisfied the requirements of D. 02-10-062 to file an expedited application because its ERRA is 4 percent overcollected; (2) it is reasonable to address balances associated with the PCIA Cap Revenue Deferral through a PUBA Trigger Application, if applicable, rather than this Application; and (3) is it reasonable to address any remaining ERRA overcollection in the 2021 ERRA Forecast proceeding rather than through this Application.

Respectfully submitted,

MARIA V. WILSON

By: /s/ Maria V. Wilson  
MARIA V. WILSON

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Dated: July 31, 2020

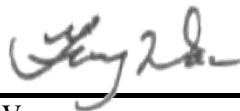
Attorney for  
PACIFIC GAS AND ELECTRIC COMPANY



## VERIFICATION

I, the undersigned, say: I am an officer of Pacific Gas and Electric Company, a corporation, and am authorized, pursuant to Rule 2.1 and Rule 1.11 of the Rules of Practice and Procedure of the CPUC, to make this Verification for and on behalf of said Corporation, and I make this Verification for that reason. I have read the foregoing *Expedited Application of Pacific Gas and Electric Company (U 39 E) Regarding Energy Resource Recovery Account Trigger Mechanism*, and I am informed and believe that the matters therein concerning Pacific Gas and Electric Company are true. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed at San Francisco, California, on July 30, 2020.



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Fong Wan  
Senior Vice President  
Energy Policy and Procurement

# **APPENDIX A**

**Declaration of Angelia Vega in Support of  
PG&E's Expedited Application of Pacific Gas and Electric Company  
Pursuant to the Commission's Approved  
Energy Resource Recovery Account (ERRA) Trigger Mechanism**

**Declaration of Angelia Vega In Support of  
PG&E's Expedited Application of Pacific Gas and Electric Company  
Pursuant to the Commission's Approved  
Energy Resource Recovery Account (ERRA) Trigger Mechanism**

I, Angelia Vega, declare as following:

1. My business address is Pacific Gas and Electric Company ("PG&E"), 77 Beale Street, San Francisco, California. I am a Strategic Analyst, Expert in the Portfolio and Resource Forecasting Department within the Energy Policy and Procurement organization. I am responsible for developing testimony and analysis to support proceedings filed at the California Public Utilities Commission ("CPUC" or "Commission") on matters related to generation procurement.

2. I am a Fellow of the Chartered Association of Certified Accountants from the United Kingdom. I joined PG&E in 2005, initially working as a Senior Accounting Analyst within the Controllers' Department, and then as an Expert Regulatory Analyst in the Rates and Regulatory Analytics Department. My assignments in these departments were: accounting for various balancing accounts; participating in the development and implementation of accounting process improvements; providing analysis on recorded and forecast electric revenue and cost; and developing testimony and analysis to support proceedings filed at the CPUC on matters related to generation procurement. My job was transferred to the Portfolio and Resource Forecasting Department in 2018. I have previously sponsored testimony before the CPUC, including in prior Energy Resource Recovery Account (ERRA) Forecast proceedings.

3. As of June 30, 2020, PG&E recorded an ERRA overcollection, including the PCIA Financing Subaccount (PFS), of \$694 million or 13.7% of PG&E's prior year recorded

generation revenues. Based on the June recorded balance, and forecasts of costs and revenues for July through December 2020, PG&E is currently forecasting an end-of-year 2020 ERRA overcollection of \$793 million, or 15.7% as presented in Table 1.

Table 1, Column A, below shows recorded balances for January through June and forecast balances for July through December. Column C indicates the corresponding percentage of prior year generation revenue for that month.

**TABLE 1**  
**2020 ERRA Balances**  
**(Including PCIA Financing Subaccount)**  
**(\$ Millions)**

Line No.	Business Cycle Close	ERRA (Over)/Under Collection	Threshold Amount <sup>1/</sup>	Percent of prior year recorded generation revenues, excluding DWR	
		(A)	(B)	(C)	
1	Dec-19	(\$616)	(\$287)	10.7%	Recorded
2	Jan-20	(623)	(287)	10.9%	Recorded
3	Feb-20	(650)	(287)	11.3%	Recorded
4	Mar-20	(620)	(287)	10.8%	Recorded
5	Apr-20	(513)	(253)	10.1%	Recorded
6	May-20	(618)	(253)	12.2%	Recorded
7	Jun-20	(694)	(253)	13.7%	Recorded
8	Jul-20	(708)	(253)	14.0%	Forecast
9	Aug-20	(754)	(253)	14.9%	Forecast
10	Sep-20	(795)	(253)	15.7%	Forecast
11	Oct-20	(798)	(253)	15.8%	Forecast
12	Nov-20	(807)	(253)	15.9%	Forecast
13	Dec-20	(793)	(253)	15.7%	Forecast

<sup>1/</sup> Based on Advice 5506-E effective April 1, 2019 and Advice 5798-E effective April 1, 2020

<sup>2/</sup> Revenue Franchise Fees and Uncollectibles (RF&U) are not included.

The \$793 million forecast end of year ERRA overcollection reflected in Table 1, Line 13 is summarized in Table 2 below.

**TABLE 2**  
**Summary of Forecast End of Year ERRA Balance**  
**(\$ Millions)**

Line No.	Description	Forecast End of Year ERRA Overcollection (including PCIA Financing Subaccount)	PCIA Financing Subaccount	Forecast End of Year ERRA Overcollection (excluding PCIA Financing Subaccount)	Threshold Amount Advice 5798-E	Percent of prior year recorded generation revenues, excluding DWR
		(A)	(B)	(C)=(A)-(B)	(D)	(E)
1	Recorded 2019 Balance	(\$616)		(\$616)		
2	Add: D.20-02-047 Adjustments					
3	(a) Recorded in March & April 2020 <sup>1/</sup>	211		211		
4	(b) Not yet recorded unsold RPS value <sup>2/</sup>	24		24		
5	Adjusted Beginning Balance	(382)		(382)		
6	Jan-Dec 2020 Overcollection	(411)	(262)	(149)	(\$253)	2.9%
7	Forecast End of Year Balance <sup>3/</sup>	(\$793)	(\$262)	(\$531)		

<sup>1/</sup>The D.20-02-047 Adjustments recorded in 2020 comprise of the \$69 million unsold RPS value and \$141 million CAM Misallocation to implement D. 20-02-047. These adjustments were recorded in March and April 2020, respectively, after PG&E had finalized its 2019 December accounts because of the delay in the issuance of D.20-02-047 in February 2020.

<sup>2/</sup>D. 20-02-047 ordered PG&E to make the \$92.9 million unsold RPS value adjustment. The \$24 million represents the difference between the \$92.9 million authorized by the Commission in D.20-02-047 and the \$69 million PG&E recorded in March 2020. PG&E is currently filing an Application for Rehearing of D. 20-02-047 concerning, among other things, the appropriate adjustments to ERRA and PABA.

<sup>3/</sup>RF&U are not included.

The \$793 million forecast end of year ERRA overcollection presented in Table 1 (See also Table 2, Column A) includes the PCIA Cap Revenue Deferral described in PG&E's Application and that results from implementing the capped PCIA rates for eligible departed load customers and is financed by bundled customers through their generation rates. The PFS is not an over-collected balance but is recorded to ERRA as a credit. The PFS tracks generation revenue financed by bundled customers to the benefit of departed load customers because of

capped PCIA rates.<sup>1</sup> The PCIA Cap Revenue Deferral that will be recorded in the PFS within ERRa is currently forecast to reach \$262 million by end of 2020 (See Table 2, Column B).

In D.20-02-047, the Commission determined that PG&E should submit a proposal to credit vintage 2019 and 2020 customers for the 2019 ERRa overcollection in the 2021 ERRa forecast proceeding.<sup>2</sup> After accounting for the adjustments ordered by the Commission in D. 20-02-047, the adjusted 2019 ERRa overcollection is \$382 million (See Table 2, Column A and C, Line 3). Such a proposal is included in PG&E's 2021 ERRa Forecast Application (A.20-07-002), which also includes a going forward method to allocate year-end ERRa balances to the Portfolio Allocation Balancing Account (PABA)<sup>3</sup>, specifically to the latest vintage PABA customers.<sup>4</sup> Upon Commission authorization in the 2021 ERRa Forecast Application, the allocations would be incorporated with existing PABA balances, currently forecast to reach a total undercollection of \$534 million by year end.<sup>5</sup> Therefore, the disposition of \$382 million of the ERRa balance should not be considered as part of this Application because it is ordered in D.20-02-047 by the Commission to be addressed in the 2021 ERRa Forecast Application.<sup>6</sup>

The balance of the forecast ERRa overcollection after deducting (1) the \$262 million forecast to be recorded in the PFS (Table 2, Column B), and (2) the \$382 million adjusted 2019

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<sup>1</sup> See Application, Section IIB, "Relationship of PCIA Cap Revenue Deferral to the ERRa Balance"

<sup>2</sup> Ordering Paragraph (OP) 4 of Decision (D.) 20-02-047.

<sup>3</sup> The purpose of the Portfolio Allocation Balancing Account (PABA) is to record the "above-market" costs of all generation resources that are eligible for recovery through Power Charge Indifference Adjustment (PCIA) rates. The PABA is comprised of subaccounts for non-vintaged portfolio resources and each year's vintage portfolio resources, that records the costs, market revenues, and imputed revenues of all generation resources executed or approved by the Commission for cost recovery that year. See also PG&E's Electric Statement Part HS

<sup>4</sup> See Application, Section IIC, "Relationship to the 2021 ERRa Forecast Proceeding".

<sup>5</sup> Based on recorded June 2020 balance, plus July 2020 to December 2020 forecast.

<sup>6</sup> OP 4, D.20-02-047 states "Pacific Gas and Electric Company shall include in its **Energy Resource Recovery Account Forecast application for 2021** (emphasis added) a method to properly credit vintage 2019 and 2020 departed load customers that does not have adverse effects on PCIA vintage subaccounts"

ERRA overcollection related to D. 20-02-047 (Table 2, Column A and C, Line 3) is \$149 million (Table 2, Column C, line 4), or 2.9% of the currently authorized trigger threshold.<sup>7</sup>

I declare under penalty of perjury that the foregoing is true and correct. Executed at San Francisco, California, this 31st day of July 2020.

/s/ *Angelia Vega*

ANGELIA VEGA

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<sup>7</sup> Currently authorized 5 percent trigger threshold amount is \$253 million as established in Advice 5798-E, effective April 1, 2020.